

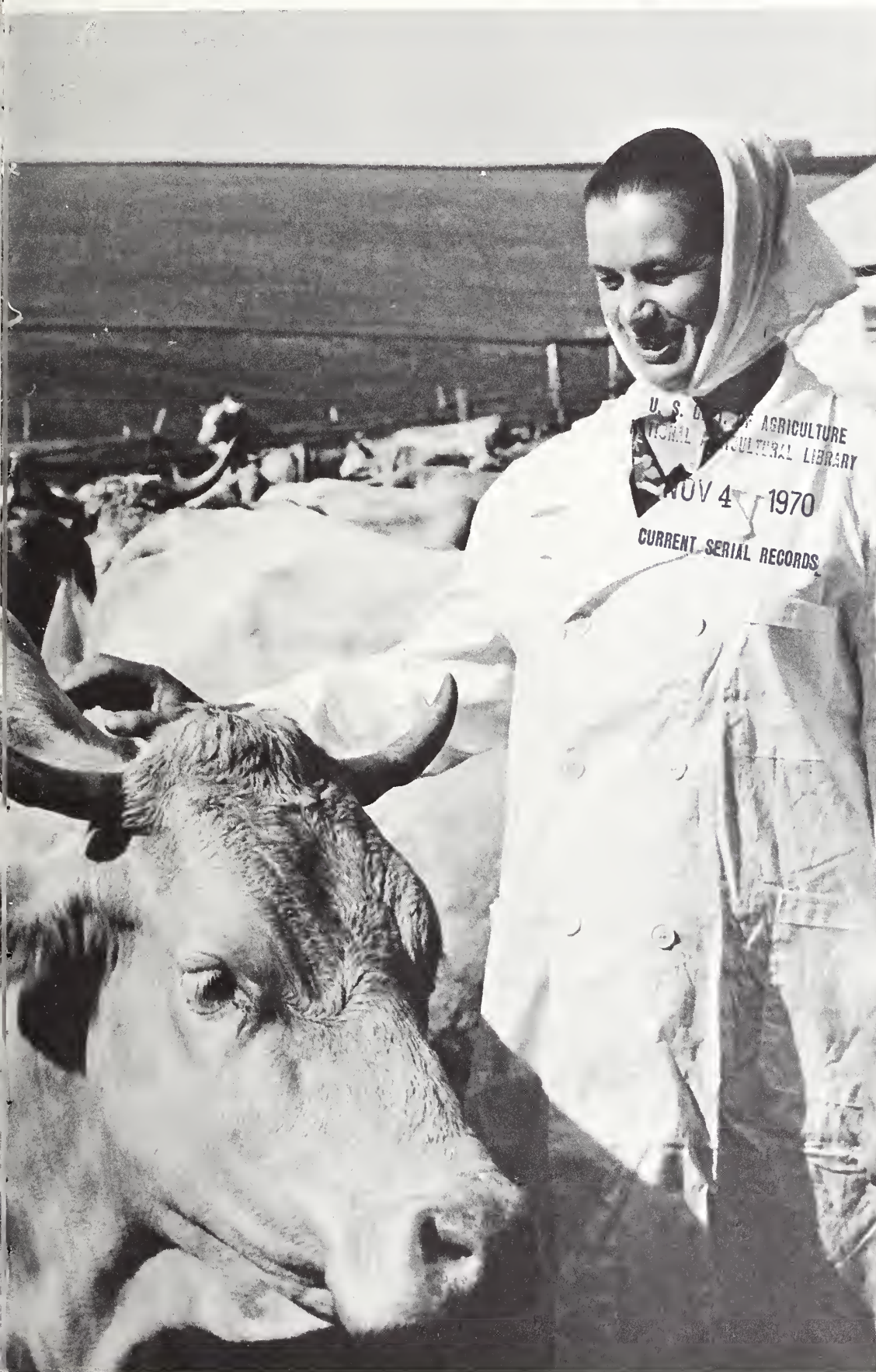
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FOREIGN AGRICULTURE



October 26, 1970

CROP REPORTS:
Soviet Union
Mainland China
Eastern Europe

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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Soviet cattle—target for expansion. For a discussion of the current state of Soviet agriculture see article beginning page 2.

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Mechanical harvester reaps and threshes rice on the Polyarnaya Zvesda collective farm near Tashkent in the Uzbek SSR. Other important Uzbek crops are other grains and cotton. (Photo courtesy of the Novosti Press Agency.)



Crop Records and

The Communist





USSR Reports Gains in Production of Major Crops

By PAIGE I. BRYAN
*Foreign Regional Analysis Division
Economic Research Service*

The Soviet Union is anticipating record grain and cotton production this year and good to excellent harvests of other crops. In addition, greater livestock production is expected.

Grain output in 1970 could exceed the 1966 record if the balance of the crop can be harvested before bad weather brings operations to a halt. Weather through mid-September was mostly favorable for grain. Soil moisture, which built up through the winter and spring, was above normal last summer in most important grain areas, including the spring grain areas in the New Lands. The Ukraine and other southern European areas received good spring rainfall, and dry weather in July facilitated harvesting of winter grains.

In most of the European area, harvest proceeded 1 to 2 weeks ahead of last year. Although faster than last year's, the harvest rate in the New Lands as of the end of September was lagging behind rates of previous years. Fertilizer use and other inputs have increased, and good weather has accentuated their impact. As a result, many major grain-producing provinces report excellent to record yields.

The winter grain crops, **wheat** and **rye**, which have accounted for nearly a third of total output in recent years, suffered only an estimated one-third as much winter damage in 1970 as in 1969, although some areas in the Ukraine had to be resown, mostly with corn. Winter wheat area was about 10 million acres greater than last year's 35.6 million; the spring wheat area is about 12 million acres smaller than last year's 128 million. With high winter wheat yields and a high soil mois-

ture content in the spring wheat zone, a near-record wheat crop—more than 10 million tons over 1969—is expected, if harvest conditions are satisfactory.

Production of **barley**, the major feed-grain, is expected to approach the all-time record of 1969. Moisture conditions have been especially favorable in major barley-producing areas. Area in corn for grain was expanded by about 7 percent compared with 1969, and production is expected to go up despite dry conditions in some areas during the latter part of the growing season. Oats and rye also yielded well in 1970.

Production of **cotton**, the other major crop expected to set a record this year, could be up as much as 5 percent over the usual 6-million-ton-level (unginned basis)—and considerably above last year's 5.7 million tons. Cotton planting was completed earlier than last year, and the crop is maturing early. An extended harvesting season is in prospect. Uzbek Republic, which usually accounts for two-thirds of the harvest, recently pledged to deliver a record 4.4 million tons—300,000 tons more than originally planned. Indications are that the 1970 cotton harvest will also be good in other Central Asian republics of the Soviet Union.

Sugarbeet and **sunflower** production is expected to increase because of more fertilizer and better growing conditions than last year. Sugarbeet output should recover sharply from last year's low level of 71 million tons. Early reports on potatoes, an important food as well as feed crop, are favorable.

Larger inventories, better feed supplies, and improved farm incentives are expected to bolster **livestock** output in 1970. Procurement price increases and a mild winter in 1969-70 stimulated inventories. Midyear hog numbers on state and collective farms were 25 percent over the 1969 count—a reversal

forecasts: World



Young farmwoman pours clean grain from scoop basket into sack held by her mother-in-law during harvesting on the lands of the Hopan commune, Huining County, Kansu Province, in Mainland China. Men in background are stacking straw.

of the previous 3 years' downtrend. Poultry numbers increased 21 percent and cattle, sheep, and goat numbers were also up slightly over last year.

Data are not available on private holdings, but the Government has taken measures to increase livestock production from this source. Inventories of all livestock categories are expected to increase in 1970. One requirement for new bonus prices on livestock sales is maintenance of the herd at end-of-year count. As a result of increased livestock inventories and feed supplies, meat and milk produc-

tion should pull out of the 1969 slump.

A record or near-record grain crop could lead to further increases in sales abroad, which in 1969 rose 33 percent to 7.2 million metric tons. Wheat led Soviet exports that year. The bulk of the increased crop, however, is expected to go into domestic livestock feed use.

Cotton exports are receiving some encouragement from the record crop anticipated this year. In 1969, cotton exports plunged 18 percent to 452,000 tons, as shown in the following table of major Soviet agricultural exports.

The 1969 level of cotton exports was the lowest total since 1964. Cotton moved from first to second place in terms of export value in 1969.

Sunflowerseed oil exports were also down in 1969, and the unusually large production shortfall in the first half of 1970 has continued to hamper export efforts during the first three quarters of this year. Good prospects for the 1970 crop, however, raise the possibility of a strong upsurge in exports late in the year.

The Soviet Union is expected to recover its net meat export position fol-



The women of the Smolovny Unified Agricultural Cooperative sort and grade potatoes in Czechoslovakia. Potatoes are an important source of food for both humans and animals in Eastern Europe.

Poor Grain Crop in Eastern Europe Will Likely Increase Import Needs

By CHRISTINE COLLINS
and THOMAS VANKAI
Foreign Regional Analysis Division, ERS

Plagued by poor weather from preplanting up until the harvest, Eastern Europe is now faced with the prospect of the poorest grain crop since the mid-1960's—as well as lower livestock inventories.

In the northern countries of Czechoslovakia, East Germany, and Poland, grain output could be down as much as 10 percent from the last 2 years' bumper crops of more than 33 million metric tons. Severe winterkill and flooding reduced the grain area (barley, oats, wheat, and rye) by 5 percent.

The most severe shortfalls compared with last year are expected in Poland. In his Harvest Festival speech given in early September, Polish Secretary Wladyslaw Gomulka said that about 2.5 million acres (roughly 25 percent of the planted crop) of rye had been plowed under and another 2.5 million acres were in poor condition.

The outlook for other crops in the northern region is generally much better than in 1969. Winter rape—the principal oilseed—also suffered substantial winterkill, although not as severely as last year. Consequently, output is believed to have increased, but not to previous peak levels. The outlook for potatoes and sugarbeets is average to good.

With the possible exception of Czechoslovakia, a decline in livestock numbers occurred in the northern region during the past year. The mid-year livestock census in Poland showed a decline of 6 percent in hog numbers and 2 percent in cow numbers. Milk sales in the region have declined, but meat sales have held up because of some distress slaughtering. East Germany has announced livestock price increases effective January 1971 to avoid further excessive slaughtering.

Winter precipitation in the southern region—Bulgaria, Hungary, Romania, and Yugoslavia—was unusually heavy, which caused waterlogging of fields in the spring. Frequent flooding and standing water during the spring further reduced area or thinned stands.

The wheat harvest in the southern region is believed to have been the poorest since the early 1960's. Production is estimated to have fallen about 10 percent from the 15-million-ton crop of 1969. A dry fall brought wheat seeding to an early halt and delayed germination, resulting in the lowest wheat area since World War II.

The corn crop may be good, but probably will not equal 1969's record.

Despite the difficulties with spring planting, some expansion of sunflower area apparently occurred, which should boost output this year except in Yugoslavia which reduced planted area. On the other hand, area of sugarbeets de-

lowing the 1969 meat shortage that caused exports to drop and imports to rise.

Ranking first in value among the Soviet Union's 1969 agricultural imports was sugar, even though, at 1.3 million metric tons, quantity was down sharply from the 1968 level of almost 1.8 million tons.

Sugar imports will probably rise substantially in 1970 because of a poor 1969 Soviet sugarbeet crop and record sugarcane output in Cuba. In recent years, the bulk of sugar imports has been offset by exports of refined sugar,

although the quantity of exports also declined in 1969.

Imports of wines ranked second in ruble value that year. Another large gainer was fresh fruits.

Although grain imports were down sharply in 1969, the Soviet Union agreed to purchase 3.5 million tons of wheat from Canada under the 1966 agreement, with 2 million tons to be delivered by the end of 1970. A large part of this wheat will probably be used to meet commitments to Cuba, the United Arab Republic, and the grain-deficient Soviet Far East.

Commodity	Exports	
	1968	1969
	1,000	1,000
	metric	metric
	tons	tons
Grain: ¹		
Wheat	4,355	5,979
Feedgrain	830	1,003
Cotton	554	452
Vegetable oils, edible	770	696
Sunflowerseed oil	714	656
Sugar, raw basis	² 1,413	² 1,175
Meat:		
Meat and products	131	98
Red meat, frozen	113	82

¹ Excludes rice, flour, and grain for seed.

² Refined sugar converted at 92 percent extraction rate.

clined and a lower output is likely.

Livestock inventories in the southern countries were at low levels at the start of 1970, but conditions were favorable for an increase during the first half of the year.

Because of the poor harvest, East European countries are expected to increase grain imports during the current marketing year. The rise in foreign purchases, however, is likely to be less than the shortfall in grain output. The shortfall could be partially offset by a good crop of potatoes—an important source of feed for hogs in the northern region. Also, any increase in forage and feed crop production in 1970, along with decreased livestock inventories in the northern region, might reduce import requirements for feeds.

The northern region imported an estimated 5.5 million tons of grain in 1969, much of it from the Soviet Union. Purchases of feedgrain, other than feed wheat, largely came from outside the Soviet Union.

The southern region imported little grain in 1969, but is estimated to have exported more than 2.5 million tons of grain—roughly half wheat and half corn. The poor wheat crop has already resulted in imports of grain for fiscal 1971. Romania has contracted to buy about 500,000 tons of hard winter wheat from the United States to be delivered between October and March. In the case of Yugoslavia, sizable imports are also likely, although stocks will cover a large part of the deficit. The 1970 Yugoslav wheat crop is expected to amount to only 3.9 million tons—1 million tons less than last year. Hungary may also buy some hard wheat.

Mainland China: Major Crops Outlook Good

By MARION R. LARSEN
*Foreign Regional Analysis Division
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Soldier of the People's Liberation Army helps harvest corn.

Peking's optimistic agricultural outlook for 1970 now appears justified. Provincial crop reports have been extremely favorable, although the national claims have been more cautious.

There have been good wheat and early rice harvests. In fact, the Communist regime has just claimed record highs for both crops. Growing conditions so far have been favorable for intermediate rice, late rice, and coarse grains. Feed supplies have improved, and livestock numbers are increasing.

Rice presently accounts for about half the grain output in Mainland China, and its cultivation is divided into double crops (early and late) and a single crop (intermediate).

The acreage of early rice—accounting for about one-fourth of the total rice output—expanded substantially during the past year. That expansion, combined with favorable growing weather, contributed to higher yields in most of the producing areas. Correspondingly, a larger area was planted to late rice, of which some was trans-

planted later than usual. It may, therefore, be subject to frost damage before harvesting this fall. Yields of intermediate rice, the leading rice crop, have improved over last year, although acreage has dropped somewhat because of the shift to double-cropped rice.

Wheat output is believed above the level of the past 2 years. Above-normal spring rainfall in North China—the leading wheat region—and increased acreage in South China more than offset the effects of winterkill in the North and spring drought in the East.

Production of Mainland China's other grains and pulses is also expected to be larger than last year.

Although a dry winter and spring in Northern China in 1970 created problems for China's soybean crop, better weather since planting time has heightened prospects of production increases.

Cotton acreage and yields have increased, and the quality of this year's cotton crop is reported to be considerably above that of last year.

(Continued on page 16)



FAO Celebrates Completion of Its First Twenty-five Years

THIS month the Food and Agriculture Organization marked the end of its first quarter-century. FAO—an independent organization in the United Nations family—was born in Quebec, Canada, October 16, 1945, 8 days before the UN itself.

As World War II ended, agriculture and industry in many countries lay in ruins, urgently needing relief and recovery. Looking ahead, however, FAO framed its Constitution around an expanding world economy, in which better production and distribution of agricultural commodities and better rural living conditions would eventually bring freedom from hunger.

Since 1945, world agricultural production has increased more than 50 percent. But medical discoveries and better public health care have so reduced death rates that populations are booming. Thus, while total agricultural production rose 2.7 percent a year from 1956-58 to 1966-68, per capita production rose only 0.7 percent. Also, the yield breakthrough of the 1960's—the Green Revolution—has brought some new problems for world agriculture. These include the need of the new cereal varieties for more water, fertilizer, and pesticides; rural underemployment; inadequate transport and storage for bigger harvests; and possibly, effects on world grain prices.

Meanwhile, FAO has grown from 42 Member Nations to 119, plus two Associate Members. Its regular program budget, proportioned among member countries in relation to national income and other factors, has risen from about \$2 million the first year to \$70.6 million for the 2-year period 1970-71; in addition, it carries on various field projects financed from extrabudgetary

sources, for a total of roughly three times that amount. Its staff now includes more than 3,000 professionals—more than 2,000 of them in field projects and regional offices spread over some 100 countries and territories—plus nearly 2,500 service staff. Its imposing headquarters in Rome are a far cry from the former private home in Washington, D.C., where it began.

At first, the new organization's role in world agricultural development was expected to be largely advisory. But within 5 years it was clear that practical help was also called for; and over the next two decades FAO developed a many-faceted action program.

AFTER 25 years, FAO finds itself playing at least six major roles as it attempts to carry out the constitutional mandate of October 1945—

- **World center of information.** FAO's documentation and information service collects and analyzes agricultural data from all over the world and issues statistical reviews, yearbooks, monographs, catalogs, and many other publications. Currently, FAO is sponsoring the third World Census of Agriculture, which will bring under one statistical roof more information on agriculture than was ever gathered together before.

Using its informational resources at the request of the First World Food Congress in 1963, FAO submitted to its Conference last November an Indicative World Plan for Agricultural Development, as "a framework within which the developing and developed countries may better see their own particular problems and their particular contributions to world development."

- **Meeting ground for experts.** Both through conferences and through permanent committees such as those on fisheries and commodity problems, FAO supports international consultation. And, jointly with the World Health Organization, it helps the Codex

Alimentarius Commission to draw up standards for foodstuffs in world trade.

- **Action agency.** FAO's field activities grew largely out of the UN's Expanded Program of Technical Assistance, set up in 1950 to combat a worldwide shortage of scientists and technicians. This later became the UN Development Program, which has been the backbone of FAO's field work.

FAO field programs, undertaken only at a country's request, always involve local counterpart specialists. Each project not only achieves direct results but helps sharpen these experts' skills for leading further work.

- **Fund-finder.** Since 1964, FAO has been helping the World Bank and various regional banks identify and develop agricultural investment prospects. Of late, it has been aiding investment by private industry.

- **Food aid partner.** Since 1963, FAO has worked jointly with the UN to carry on the World Food Program, which uses food as an aid to development. Commodities, cash, or services like shipping are pledged by participating countries and invested in development programs and in emergency relief.

- **Leader of volunteers.** In 1960, FAO launched the Freedom from Hunger Campaign, to bring the world food problem home to private citizens. By 1969, there were 90 national FFHC committees and more than 100 other nongovernmental groups supporting the FFHC, and FAO was administering over 100 volunteer action projects—many of them negotiated directly between FFHC groups.

REDEFINING its own activities during recent months, FAO has chosen five main areas for aiding national governments: Expanding protein supplies; aiding use of high-yielding cereals; controlling agricultural waste; helping less developed countries earn and save foreign exchange; and mobilizing rural human resources.

*A grove of
almond trees
in Spain.
Production
this year
was up from
last year.*



Record Set by Major Almond, Filbert Producers

The world's largest almond and filbert producers have harvested record crops of both nuts this year. As a result, exports of almonds and filberts are expected to rise in the 1970-71 marketing year (September-August).

The United States, largest almond producer, has harvested an estimated 71,500 short tons (shelled basis), 7 percent more than its record 1969 crop; Italy, second largest, produced about 39,000 tons compared with its 1969 low of 24,000 tons; and Spain's production is estimated at 35,000 tons, about 45 percent above last year's poor crop.

Italy and Spain also rank second and third, respectively, as world filbert producers, with another Mediterranean country, Turkey, an easy first. Turkish filbert production in 1970—estimated at a record 220,000 tons (in-shell basis)—is more than twice as great as that of the other two countries combined. Italy estimates an above average crop of 77,000 tons—below the 1968 crop but considerably above 1969's 50,000 tons. Spain has an estimated 29,000 tons this year—more than three times the size of the 1969 crop. (U.S. filbert production is estimated at 8,600 tons in 1970.)

Almond and filbert exports by the single top producer-exporters were up during the 1969-70 marketing year: U.S. almond exports jumped to 28,200 tons shelled equivalent from 8,800 tons in 1968-69; and Turkish filbert exports rose from 138,000 tons, inshell equivalent, in 1968-69 to an estimated 168,000 tons in the past year. Exports from Spain and Italy, on the other hand, are

estimated to be down, because of the poor 1969 crops in these countries. Italy shipped an estimated 18,200 tons of almonds and 25,000 tons of filberts. Spain exported 10,500 tons of almonds and 8,000 tons of filberts.

U.S. 1969-70 almond exports trebled from the year before because prices were very competitive and supplies plentiful. Also, supplies in other countries were short. In fact, because of poor crops, Mediterranean 1969 almond prices rose by nearly two-thirds from their 1968 level. U.S. producers attempted to maintain more stable prices, keeping the rise down to about 5 percent. As a result, U.S. almonds broke into the European market with almost seven times the 3,200 tons sold there in 1968-69. Excellent sales are reported for the 1970 U.S. crop too—1970-71 exports will probably about equal the record levels of past years.

In Italy, almond prices for the 1970 crop were on the high side on September 9—\$74 per 100 pounds f.o.b. for October consignment and \$72 per 100 pounds for November. Outside the Common Market, Italian almonds are not generally competitive.

Italy exported 16,800 tons of shelled almonds during the first 8 months of 1969-70. For 1970-71, the export outlook is better: the common external tariff is having an effect, and the trend of concentrated exports to the EC is expected to continue.

Spanish almonds are also facing competition from other growing countries, including the United States. This and the poor 1969 crop are reasons why exports were lower than in 1968-69 and

why Spanish almond prices have declined since May. So far this year, the country's almonds have gone principally to traditional buyers—the United Kingdom, France, and West Germany. Reduced exports may result in a moderate increase in home consumption.

Turkish filberts have been moving well because of smaller supplies in other exporting countries. New filbert grower support prices announced August 10 were \$0.23 per pound of unshelled filberts for member producers and \$0.22 per pound for nonmember producers—increases of nearly 30 percent and 22 percent from last year. Ordinarily Turkish filbert crop years alternate from poor to good, but this is the third consecutive year of high production.

From September through April 1970, Italian exports of unshelled filberts were down 17 percent and of shelled filberts down 72 percent. Italy imported more than 4,400 tons of shelled filberts, almost exclusively from Turkey. Present price quotations for prompt consignments have declined to about \$27 per 100 pounds in the shell.

Spanish filbert prices are similarly down from high levels of the first half of the year because domestic and foreign demand for the Spanish nuts is practically at a standstill. Buying is confined largely to very small amounts for the local market.

Spanish filbert exports in the first 10 months of 1969-70 were down 28 percent from the corresponding period last year. This season's markets are principally Switzerland, Czechoslovakia, Poland, and France. Some 3,800 tons, inshell basis, of this year's production will be consumed domestically.

Export prospects for Spain are not encouraging, particularly because of Turkey's bumper crop. Regardless of world filbert volume, however, Spanish exporters look to East Bloc countries as a fairly steady market.



Above, examining U.S. soybeans on arrival at Hamburg, Germany. Below, laying-hen rations in Japan commonly include meal from U.S. soybeans.



Assistant Secretary of Agriculture Clarence D. Palmbrook in Raleigh, N.C., that U.S. agricultural export opportunities and that strict adherence to GATT principles

U.S. Objective All World Market

Export opportunities for U.S. agriculture in the next decade will be much affected by influences that have been evolving in the last few years and which will come to a head in the very near future.

The volume of U.S. agricultural commodities moving overseas in the next 10 years will be sharply influenced by what happens to the historic policy of the most favored nation. It will be shaped by what happens within the institution that we know as the General Agreement on Tariffs and Trade (GATT). It will be influenced by the internal agricultural policies of countries and groups of countries.

Historically, the United States has supported and lived within the most-favored-nation policy. It means simply that any trade favor or special consideration granted to one country will be available to all. This principle has not prospered in the world these last few years, with the growth of regionalism and preferential trading arrangements.

The essential problem has to do with the price and production policies being followed in certain of the developed countries, particularly within the European Community. The EC supports internal farm prices at unrealistically high levels. Since world prices are lower, the EC must then take steps to protect its domestic market and to get rid of the surpluses that are generated by its pricing policies.

First, it employs a variable levy system to prevent foreign products with a comparative economic advantage—and hence lower prices—from overrunning the higher priced EC market. The second consequence of such a system is the accumulation of grain surpluses that cannot be exported except with the help of an export subsidy.

These matters would be serious

enough if they were limited to the six nations of the European Community. But the problem is still more serious when you consider the enlargement negotiations going on between the Community and four applicant countries—the United Kingdom, Ireland, Denmark, and Norway.

The glittering exception to the EC variable levy system is the soybean. And the success of U.S. soybean exports this year is a testament to the American farmer's ability to compete when he is given reasonable access to world markets.

Under GATT, soybeans are admitted duty-free into the European Community. Our soybeans have reasonable access to Japan, which has been gradually lowering its barriers to this commodity. The result was a record export year for U.S. soybeans—in fact a 50-percent increase over the record of a year before.

Unfortunately, we cannot expect the effective demand for vegetable oils to rise as rapidly as the demand for protein meals. Oils do have an expanding role in the world food picture, but limited hard currency in developing countries plus budget limitations on P.L. 480 raise the question as to how much of the world's needs will be supplied by U.S. exports. Most commercial markets for soybean oil are supplied from U.S. soybeans crushed in other developed countries.

Another success story is Japanese use of feedgrains which has more than tripled over the past 10 years, from about 3 million tons yearly to about 10 million tons. At the same time, imports of U.S. feedgrains have been rising almost without interruption, reaching a record 6.5 million metric tons in fiscal 1970. This was about one-third of our total feedgrain exports.

ly told delegates to the International Trade Confer-
be faced by new and rigorous tests in the seven-
bles every nation to compete on an equal basis.

Free Access to for Every Nation

You can get some idea of the feed-grain potential remaining in Japan when you consider that, even with the increase in consumption of red meat and poultry meat in Japan the past few years, per capita consumption still is only about 27 pounds. This compares with 228 pounds in the United States.

Looking across the Atlantic to Europe, we find the same situation of rising incomes and a similar demand potential. Per capita beef consumption in the European Community and the United Kingdom is less than half what it is in the United States.

Under the impact of EC policies, U.S. exports to the Community of feedgrains—and other products subjected to variable levies—have been declining. Feedgrain exports dropped about 10 percent last fiscal year.

Intensive cattle feeding operations as carried on in the United States are only beginning in Europe.

Part of this reluctance toward feeder operations is a traditional preference for veal in many countries, a tradition of producing beef as a sideline to dairy operations, and inefficient slaughter and distribution systems. But it also can be laid to the Common Agricultural Policy which has kept the price of feed stuffs high, and which has produced huge milk surpluses that are sold at subsidized prices to feed veal calves.

This has produced competition for available calves between veal and beef producers, with the former usually able to outbid the beef producers. It would seem that sooner or later the Community will be forced to alter its pricing policies and develop a modern, efficient livestock industry to meet the demands of its consumers.

U.S. cotton exports gained 2 percent in fiscal 1970, a year in which supplies available for export by the United

States were limited. Exports totaled 2.86 million bales. The increase came through sales financed under Government programs, most of the gain being to India, which bought 339,000 bales against 67,000 bales the previous year.

It is to be hoped that the pending EC enlargement negotiations may be the means of modifying the Community's present price and trade policies. There are signs that some EC leaders recognize the need to lower prices as it moves toward a larger membership. There are these possibilities:

- If there is no EC merger and present policies continue, U.S. exports of feedgrains to the U.K. and EC would decline sharply, and wheat would fall off modestly. Our third country trade in grains would also be down. But these trends would tend to favor U.S. soybean exports.

- If there is a merger and the present Common Agricultural Policy is made to prevail in all 10 countries, U.S. feedgrain exports to the EC and the United Kingdom would drop more sharply. Wheat would continue to decline. Soybean exports would increase even further.

- If merger took place, with price objectives falling between the EC's present production incentives and the United Kingdom's present policies for grain and livestock, U.S. farmers would gain more from the modified EC policy than they would lose from the tightened U.K. market. The United States would also gain in third country markets.

In the uncertain world of trade policy, we must continue to work at maintaining and improving our agriculture's access to world markets. At the same time, however, we must be pragmatic about protecting ourselves from unlimited imports of products put on our shores under high subsidy.



Above, traditional grain-harvesting operations on a small farm near Turin, Italy. Below, floating elevator for unloading grain imports in Netherlands Rotterdam harbor.





Above, Polish researchers are collecting and evaluating varieties of fruit trees from East European and Asiatic countries for possible introduction into the United States. Below, an Israeli scientist does research on brucellosis control.



P.L. 480 research projects have been conducted in 32 countries on topics ranging from pollution to pest control. Above, Italian researchers modified tanning methods to rid U.S. packer hides of fat, making them as good for leather soles as Italian hides. Below, British researchers investigate scrapie—the itching disease of sheep that has stymied U.S. and British scientists for years.



P.L. 480—Funded Research

Includes Studies

On Ecology and Pollution

Ecology and pollution are just two topics of concern to the U.S. farmer being studied in several countries under projects funded by Public Law 480 research grants.

Funds for these grants are paid with local currency obtained by the United States through past sales of agricultural products under P.L. 480. This currency cannot be converted into dollars, but may be used, in part, for foreign scientific research beneficial to U.S. agriculture and the American consumer.

Since the inception of the program in 1958, more than 1,180 grants have been awarded for research in 32 countries. So far in 1970, 61 grants have been awarded—13 to India, 10 to Poland, 15 to Israel, 11 to Yugoslavia, nine to Pakistan, two to Ceylon, and one to West Germany.

A portion of the research falls into the broad categories of agricultural marketing and utilization. Under the former, projects are set up to improve the marketability, quality, processing, and stor-

ing of agricultural products. For this purpose a grant was made to Israel for research on the effect on animals of halogenated hydrocarbon fumigants, used in treating grains. Three grants in India were for studies on various insects which damaged stored grains, and one grant in Poland was for a study of tenderness in canned meats.

Utilization research stresses chemical and biological studies which will help to provide a basis for agricultural developments. The research is designed to contribute to increased use of cereal grains, cotton, vegetable oils, oilseed protein products, and other commodities. For example one study was made in India on factors that influence the formation of fiber hooks during the processing of cotton. Another study in Finland demonstrated from feeding trials that protein-poor feeds, when supplemented with adequate amounts of urea, can be successfully utilized for milk production.

Under grants issued during 1970, scientists in several countries are working with ecological problems—seeking ways to maintain the delicate balance between organisms and their environment. At the Institute of Plant Physiology, Polish Academy of Sciences, Krakow, scientists recently began a 3-year project aimed at determining the effects of two major pollutants—ozone and sulfur dioxide—on the physiology of common green plants.

Although plant physiologists and pathologists are aware of the extensive damage done to plants by the increasing degree of air pollution, not much is known about how this pollution affects the use of water by plants.

The Polish scientists plan to study the interaction of air and water by measuring the effects of phytotoxic gases on plant productivity. Working under controlled conditions, they will expose bean plants to different concentrations of ozone and sulfur dioxide at different stages

of growth and under various soil moisture conditions. Observations will include the extent of plant injury, water absorption through roots, water content on leaves, growth, and yield.

Under another grant, scientists at India's University of Udaipur are searching for means to combat water pollution. They are attempting to isolate, select, and develop easily harvested algae strains that grow by taking up water containing high concentrations of pollutants, including industrial wastes.

Findings from P.L. 480 funded research studies benefit agriculture the world over and the knowledge obtained often represents a significant contribution to the war on hunger. Indian scientists working on a 5-year grant have just found a new low chromosome number in the grass family. This discovery resulted from a genetic study of forage grasses and eventually it may furnish plant geneticists with a better background of grass evolution. The primary purpose of the study was to find and improve promising species of forage grass for use in revegetating rangelands in India and in the United States.

In another research project, Indian scientists have established an extensive reservoir of sorghum stock, called the International Sorghum (IS) Collection. The scientists assembled, characterized, and classified nearly 12,000 stocks from 44 countries. Sorghum breeders and farmers limited to longer daylength sorghum varieties such as those in the milo, kafir, and feterita groups, will share this bonanza.

Many potentially valuable sorghum varieties do not flower under U.S. conditions because sorghum is a tropical crop, and flowering is influenced by day length. To offset this, an elite group of sorghums from the IS Collection is being used in the U.S. sorghum conversion program which is currently being conducted in Puerto Rico and Texas.



Brussels' House of Honey



Likes the U.S. Product

"La Maison du Miel"—Brussels' famous House of Honey—sells honey from such diverse places as Iran, Greece, Mexico, and the United States. The proprietor, Monsieur Marcelle Van Pachterbeke, prides himself on the wide variety and high quality of the honey sold by his establishment, which has been in business at the same place on the rue du Midi for over 80 years.

American honey is one of the best sellers at the "Maison du Miel." According to Monsieur Van Pachterbeke, sage honey from California is particularly popular with his customers, as is clover honey from the Middle West.

"La Maison du Miel" caters to Belgium's carriage trade. Among the shop's regular customers is Princess Paola, sister-in-law of King Baudouin. With discriminating customers, quality and variety—not price—are the controlling factors.

The imported honey handled by the shop is received at the port of Antwerp—usually packed in 300-kilo drums. It is packaged and labeled in the store.

Other honey products handled by the store are honey soap and mead. The latter is a fermented drink made of honey, yeast, and water.

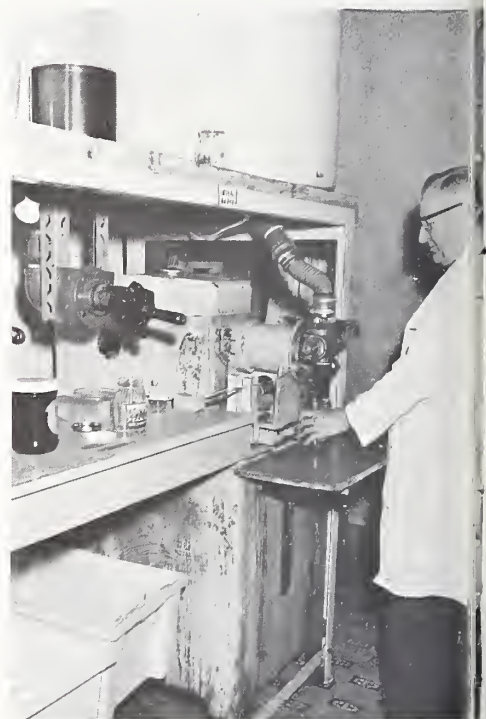
American honey attracted much attention at the U.S. Food Exhibit, which was presented September 2-7, 1970, as part of Brussels' big Food Industry Trade Fair.

Honey exhibits such as this are part of the market development program carried on by U.S. exporters in an effort to reverse the downward export trend of the past 15 years. Exports averaged 18.7 million pounds in 1955-59; 12.8 million in 1960-64; and were only 8.1 million in 1968. In 1969, however, U.S. honey exports increased to 9.9 million pounds.

West Germany has been the major market for U.S. exports. Others important customers include France, the United Kingdom, and the Netherlands.

—By GORDON PATTY
Sugar and Tropical Products Division, FAS

Above, Brussels' House of Honey where packaging and labeling of honey is still largely a hand operation (right). Below, the U.S. honey booth attracts attention at the Brussels Fair.



CROPS AND MARKETS SHORTS

Weekly Rotterdam Grain Price Report

Beginning in this issue, as a special service to grain export marketing interests, current offer prices quoted will be 1 week closer to publication date than heretofore, and are shown here for October 21 rather than for October 14.

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Oct. 21	Change from previous week	A year ago
	Dol. per bu.	Cents per bu.	Dol. per bu.
Wheat:			
Canadian No. 2 Manitoba	2.14	-1	1.93
USSR SKS-14	(¹)	(¹)	1.76
Australian Prime Hard	(¹)	(¹)	(¹)
U.S. No. 2 Dark Northern			
Spring:			
14 percent	2.07	+2	1.82
15 percent	2.10	0	1.90
U.S. No. 2 Hard Winter:			
13.5 percent	1.97	+1	1.77
Argentine	(¹)	(¹)	(¹)
U.S. No. 2 Soft Red Winter ...	1.88	0	1.54
Feedgrains:			
U.S. No. 3 Yellow corn	1.75	-2	1.45
Argentine Plate corn	1.92	-1	1.78
U.S. No. 2 sorghum	1.68	-1	1.47
Argentine-Granifero	1.70	0	1.47
Soybeans:			
U.S. No. 2 Yellow	3.30	-6	2.74

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Value of U.S. August Meat Trade Down

The values of both U.S. exports and imports of livestock, meat and meat products were below year-earlier levels in August: import value, at \$110.1 million, was down 7.7 percent from last year, and export value, at \$42.4 million, was down 1.2 percent. On the export side, the decline was caused by reduced pork exports to Japan and reduced cattle hide exports, with lower per unit prices. On the import side, smaller boneless beef imports and reduced wool entries accounted for the decline.

Exports of animal fats were above year-earlier levels for lard and edible tallow and greases. Lard exports, at 37.2 million pounds, were 58.4 percent above last year's, and edible tallow and grease exports, at 3.8 million pounds, were almost four times larger than last year's. Inedible tallow and grease exports, at 145.8 million pounds, were down 15.7

percent from their level a year ago.

Pork exports continued their downward trend, totaling 4 million pounds compared with 5.9 million last year.

Variety meat exports recovered, and, at 20.9 million pounds, were 4.2 million larger than they were in August 1969. This brings the 8-month total to 147.4 million pounds—about 500,000 short of last year's level.

For the first 8 months of 1970, exports of cattle hide parts ran considerably below their level of a year ago—totaling 8.3 million pounds compared with 23.4 million last year. For August alone, they were 1 million pounds, 2 million short of a year ago. Reduced shipments to Italy, Netherlands, West Germany, and Taiwan are responsible.

August cattle and calf exports, at 1,768 head, were down 46.4 percent from last year's level, while sheep, lamb, and goat exports, at 10,758 head, were up 30.5 percent.

Boneless beef imports totaled 108.5 million pounds—down 16.7 percent from last year's 130.2 million, owing to reduced deliveries of Australian beef.

(Continued next page)

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	August		January-August	
	1969	1970	1969	1970
	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds
Animal fats:				
Lard	23,469	37,169	154,964	236,649
Tallow and greases:				
Inedible	172,877	145,754	1,311,160	1,464,647
Edible	1,010	3,841	9,317	14,573
Meats:				
Beef and veal	2,241	2,038	17,614	19,335
Pork	5,896	4,041	97,626	29,579
Lamb and mutton	112	188	1,124	780
Sausages	355	255	3,341	2,567
Meat specialties	263	279	2,723	2,421
Other canned	869	601	6,554	5,282
Total red meats ¹	9,738	7,408	128,988	59,958
Variety meats	16,704	20,894	147,904	147,366
Sausage casings (animal origin)	985	957	7,437	8,017
Animal hair, including mohair	1,444	495	13,166	9,762
Hides and skins:				
Cattle parts	3,061	1,013	23,384	8,298
	1,000	1,000	1,000	1,000
	pieces	pieces	pieces	pieces
Cattle	1,339	1,120	9,574	10,289
Calf	84	54	920	643
Kip	31	10	308	130
Sheep and lamb	299	328	1,987	1,920
Horse	7	15	41	105
Goat and kid	38	369	249	527
Livestock:	Number	Number	Number	Number
Cattle and calves	3,298	1,768	23,672	19,986
Sheep, lambs and goats ...	8,245	10,758	87,608	88,051
Hogs	1,005	1,235	11,804	11,298
Horses, asses, mules, and burros	1,165	1,784	7,684	37,395

¹ May not add due to rounding. Bureau of the Census.

Although total imports of mutton and goat meat for the first 8 months of 1970, at 38.9 million pounds, were about 1 million pounds above last year's, mutton and goat imports for August alone totaled only 1.8 million pounds compared with 9.4 million a year ago. The low August import figure

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	August		January-August	
	1969	1970	1969	1970
Red meats:	1,000	1,000	1,000	1,000
Beef and veal:	pounds	pounds	pounds	pounds
Fresh, chilled or frozen:				
Bone-in beef	1,296	1,266	11,675	16,282
Boneless beef	130,204	108,490	668,235	733,137
Cuts (prepared)	53	2,215	1,024	9,664
Veal	894	1,239	15,727	15,201
Canned beef				
Corned	11,316	9,328	60,689	59,771
Other, including sausage	3,257	4,417	13,269	20,677
Prepared and preserved	4,259	6,397	42,255	45,479
Total beef and veal ¹	151,279	133,347	812,872	900,212
Pork:				
Fresh, chilled and frozen	3,289	4,336	31,002	39,424
Canned:				
Hams and shoulders	14,407	16,704	157,385	167,168
Other	2,509	1,786	19,502	22,335
Cured:				
Hams and shoulders	452	202	1,372	1,022
Other	291	220	2,502	2,561
Sausage	253	419	2,264	2,388
Total pork ¹	21,201	23,668	214,029	234,899
Mutton and goat	9,358	1,816	37,916	38,907
Lamb	3,963	3,771	27,835	30,563
Other sausage	573	710	5,492	6,910
Other meats	895	1,336	7,934	11,872
Total red meats ¹	187,270	164,647	1,106,078	1,223,364
Variety meats	173	678	2,604	6,064
Edible and inedible tallow and grease	589	426	8,941	4,822
Meat extract	74	85	617	755
Wool (clean basis):				
Dutiable	9,772	5,572	67,726	65,751
Duty-free	13,971	9,167	67,832	49,991
Total wool ¹	23,742	14,741	135,558	115,743
Animal hair	210	75	4,489	1,568
Hides and skins:				
Cattle parts	78	185	216	1,162
Sheep skins, pickled and split	404	1,030	6,048	8,896
	1,000	1,000	1,000	1,000
	pieces	pieces	pieces	pieces
Cattle	28	20	202	257
Calf and kip	54	35	495	414
Buffalo	56	26	34	156
Sheep and lamb	1,574	2,173	17,694	14,821
Goat and kid	417	103	3,639	2,862
Horse	13	9	141	134
Pig	48	13	480	550
Livestock:	Number	Number	Number	Number
Cattle ²	1,895	25,755	537,504	737,585
Sheep	12	6	1,681	1,894
Hogs	1,255	8,302	7,003	48,302
Horses, asses, mules, and burros	359	278	2,281	2,198

¹ May not add due to rounding. ² Includes cattle for breeding. Bureau of the Census.

results from reduced shipments of Australian mutton.

Wool imports for August were down 37.9 percent from the 23.7 million pounds of last year. Dutiable wool imports, at 5.6 million pounds, were down 43 percent, and duty-free imports, at 9.2 million, down 34.4 percent.

In the live animal category, cattle imports, at 25,755 head, were about 10,000 greater than last year's August imports, and live hog imports from Canada were 8,302 head compared with 1,255 head a year ago.

U.S. Edible Oils, August Exports

U.S. soybean oil exports in August totaled 143.2 million pounds, over 4 times the quantity exported in the same month in 1969. October-August exports reached 1,252.8 million pounds, exceeding exports through August 1969 by 62 percent, or 480.2 million pounds. Sales for dollars, estimated at 567 million pounds, increased by nearly 270 million pounds; Public Law 480 shipments, at an estimated 686 mil-

U.S. EXPORT OF EDIBLE OILS

Item and country of destination	August		October-August	
	1969 ¹	1970 ¹	1968-69 ¹	1969-70 ¹
Soybean: ¹	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Pakistan	0	33.7	113.8	350.8
India	8.1	10.4	264.0	211.6
Iran	0	3.1	47.8	121.7
Tunisia	3.6	0	50.3	77.5
Peru	0	15.7	9.4	53.8
Canada	1.4	5.4	25.9	45.8
Morocco	(³)	11.5	25.3	40.4
Israel	4.5	15.3	32.5	35.9
U.A.R.	0	19.9	0	28.6
Chile	0	.2	29.4	27.1
Haiti	1.8	2.1	17.9	18.1
Dominican Republic	3.7	2.4	24.9	17.8
Mexico .....	.4	0	2.2	16.5
Colombia	1.2	.3	7.5	16.2
Mauritius	0	0	0	15.4
Jamaica .....	.4	.6	10.4	15.1
Others	7.5	22.6	111.3	160.5
Total	32.6	143.2	772.6	1,252.8
Cottonseed: ²				
Belgium-Luxembourg	0	0	(³)	5.6
France	0	(³)	(³)	(³)
Germany, West	0	.6	15.3	34.3
Italy	0	0	(³)	(³)
Netherlands .....	.2	0	10.2	33.9
Total EC .....	.2	.6	25.5	73.8
United Kingdom	0	0	(³)	70.1
U.A.R.	0	0	17.2	64.7
Venezuela	5.5	0	68.2	40.1
Iran	0	0	(³)	37.7
Mexico	0	0	(³)	33.8
Canada	1.0	1.6	14.7	26.3
Poland	0	6.4	0	23.0
Pakistan	0	0	0	17.8
Morocco	0	0	0	12.2
Sweden	0	0	5.9	11.9
Dominican Republic	0	0	(³)	7.6
Others .....	.1	.3	3.0	14.6
Total	6.8	8.9	134.5	433.6
Total oils	39.4	152.1	907.1	1,686.4

¹ Preliminary. ² Includes shipments under P.L. 480 as reported by Census. ³ Less than 50,000 lb. Bureau of the Census.

lion pounds, were up about 31 million pounds over last year. Pakistan, India, and Iran were the largest recipients of soybean oil.

Cottonseed oil exports totaled 8.9 million pounds in August compared with 6.8 million a year ago. The cumulative total through August now stands at 433.6 million pounds, close to four times the quantity shipped in the same months last year. The bulk of this year's increase was exported to traditional markets in Europe—namely, the European Community, the United Kingdom, Poland, and Sweden—and to present and former P.L. 480 participants, mainly the United Arab Republic, Iran, Pakistan, and Morocco. Venezuela, Mexico, and Canada also received sizable quantities of cottonseed oil.

U.S. Soybeans, 1969-70 Exports

U.S. exports of soybeans in August, at 29.0 million bushels, more than doubled the quantity exported in August 1969. This brought the total for the marketing year to 428.7 million bushels—up 49 percent, or 141.9 million bushels, from the 1968-69 total.

The largest increase of the year was in exports to Japan. The 101.4 million bushels shipped to Japan represented 24 percent of the total and an increase of 31.5 million bushels from the previous year. Heavier shipments to each member country of the European Community brought the EC total to 145.7 million bushels, a gain of 34 percent, or 47.6 million bushels, over 1968-69 exports.

Other notable increases were in exports to Spain, the Republic of China, Denmark, Israel, and the United Kingdom. While exports to Canada also showed a marked gain over the previous year, the export data include soybeans for transshipment to other destinations. When information becomes available on transshipment via Canada, the actual quantities taken by European countries and Japan will prove to be significantly larger than these data indicate.

U.S. EXPORTS OF SOYBEANS

Country of destination	August		September-August	
	1969 ¹	1970 ¹	1968-69 ¹	1969-70 ¹
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
Belgium-Luxembourg	0.6	0.6	10.2	16.1
France	0	1.2	.3	5.0
Germany, West .....	.9	4.1	30.5	41.8
Italy .....	.7	.4	16.4	25.4
Netherlands	1.2	3.0	40.7	57.4
Total EC	3.4	9.3	98.1	145.7
Japan	4.5	9.9	69.9	101.4
Canada	1.9	4.1	37.9	66.1
Spain	1.2	2.2	31.2	36.3
China, Taiwan .....	.5	1.2	16.6	21.2
Denmark	0	.6	11.8	18.4
Israel	0	0	6.5	8.3
United Kingdom .....	.4	.1	4.8	7.5
Others .....	.3	1.6	10.0	23.8
Total	12.2	29.0	286.8	428.7
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Oil equivalent	134.0	318.4	3,149.1	4,707.1
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
Meal equivalent	285.1	682.3	6,739.2	10,074.9

¹ Preliminary. Bureau of the Census.

U.S. Cakes and Meals, August Exports

U.S. soybean meal exports, at 289,000 tons, increased about 55,000 from the August 1969 total. Exports during the first 11 months of the marketing year rose to 3.75 million tons—up 31 percent, or 893,500 tons, from last year's cumulative 11-month total. The additional 595,100 tons taken by the European Community represented over two thirds of the increase. Larger quantities were also taken by other European countries, Japan, and the Philippines.

Slightly increased exports of cottonseed and linseed meals brought the total for all cakes and meals to 3.88 million tons last year.

U.S. EXPORTS OF CAKES AND MEALS

Item and country of destination	August		October-August	
	1969 ¹	1970 ¹	1968-69 ¹	1969-70 ¹
	1,000 tons	1,000 tons	1,000 tons	1,000 tons
Soybean:				
Belgium-Luxembourg	3.8	24.4	161.7	197.4
France	33.3	43.3	446.5	570.3
Germany, West	57.1	35.5	604.4	834.6
Italy	17.4	19.2	211.4	291.1
Netherlands	30.0	41.3	480.1	605.8
Total EC	141.6	163.7	1,904.1	2,499.2
Canada	28.3	21.6	239.1	248.2
Yugoslavia	12.8	10.0	134.9	161.4
Hungary	0	7.4	28.6	147.5
Poland	12.3	15.2	103.0	109.9
Switzerland	2.1	8.8	60.8	103.0
Japan	0	4.2	19.7	67.4
Ireland	0	3.0	36.7	46.9
Philippines	8.1	5.5	41.0	44.6
United Kingdom	4.9	2.3	37.9	40.7
Bulgaria	13.6	9.9	32.7	40.3
Czechoslovakia	0	18.4	2.2	36.2
Spain	14.4	(²)	79.4	34.1
Others	5.0	19.0	139.0	173.2
Total	243.1	289.0	2,859.1	3,752.6
Cottonseed .....	.4	12.6	10.3	18.7
Linseed	2.4	8.6	63.5	65.2
Total cakes and meals ³	255.3	314.9	2,988.8	3,881.0

¹ Preliminary. ² Less than 50,000 tons. ³ Includes peanut and small quantities of other cakes and meals. Bureau of the Census.

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Foreign Agriculture

Japanese Grain Imports Increased

1.6 Million Tons in U.S. Fiscal 1970

In fiscal 1970, Japan's imports of all grains (wheat, coarse grains, and rice)—at 14.5 million tons—were 12½ percent (1.6 million tons) larger than during fiscal 1969. Feedgrain imports alone increased by 1.5 million tons to over 10 million. Rice imports, however, dwindled by 149,000 tons to only 40,000.

Export data shows that Japan was a net exporter of rice last year as exports (July-May) already totaled 414,000 tons. Wheat flour exports amounted to 57,000 tons.

A summary of Japanese grain imports during the last 4 years follows:

Wheat imports increased about 6 percent during fiscal 1970 to 4.4 million tons. The United States supplied about 2.3 million of this total, an increase of 455,000 tons over the previous year when the U.S. market share was reduced because of sprout damage problems. The other major suppliers, Canada and Australia, experienced small declines from the high levels of the previous year when the U.S. share was below normal. The overall trend in wheat imports during the past 4 years is probably best described as moderately upwards. Meanwhile, Japan has developed a small export trade in wheat flour—57,000 tons through April of fiscal 1970.

Growth in *feedgrain* imports has been very dramatic, increasing at a rate of

from 10 to 20 percent annually to just over 10 million tons in fiscal 1970. The increase of 1.5 million tons during fiscal 1970 was nearly double the previous year's expansion, but slightly less than the 1.6-million-ton jump between fiscal years 1967 and 1968.

The U.S. share of feedgrain imports in fiscal 1970 was 6.5 million tons, a gain of 2.1 million over the past year. Argentina also gained, moving up nearly 1 million tons to 1.5 million tons. Imports from South Africa were down sharply to only 189,000 tons, a 1.3-million-ton drop from fiscal 1969. This decline was mainly due to reduced export availabilities because of two successive drought-reduced harvests. The Mexican share was also down, totaling 199,000 tons versus 491,000 the year before. Again the primary cause was believed to be smaller supplies due to drought problems.

Imports of *rye* remained relatively insignificant at 43,000 tons, a slight decline from a year ago. Practically all of this was from Canada.

Rice imports continued their sharp decline of recent years and most of the 40,000 tons imported in fiscal 1970 came from Thailand. Surplus rice production, stimulated by very high support prices, has been a major agricultural problem for Japan in recent years. In fact, there is a program underway to reduce rice production, hopefully by

over 1 million tons this year. Meanwhile, Japan has become a net exporter of rice, mainly with food-aid-type sales, in an effort to dispose of part of its burdensome surplus. Export data available for fiscal 1970 show exports at 414,000 tons.

Mainland China

(Continued from page 5)

Livestock numbers, which have been increasing since the Cultural Revolution, have continued on the upswing during the past year. Efforts to increase the production of hogs, both collectively and on private plots, appear to be having a degree of success.

According to preliminary reports from trading partners, China's total trade, as well as trade in agricultural products, continues to increase in 1970. Agricultural exports probably will continue to exceed imports. Despite problems in negotiating the Memorandum Trade Agreement with Japan early in the year, Sino-Japanese trade may set another record in 1970.

If shipments continue as scheduled, the last of China's wheat purchases in 1969 (7.5 million tons) should be completed by the end of October. About 4 million tons would have been delivered in 1970. Even if the present negotiations with Canada result in further wheat purchases by the Chinese, any additional deliveries this year would be small. China's good prospects for grain crops this year could be a factor in negotiating further grain purchases.